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UNCLAS BANGKOK 001036

SIPDIS

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DEPARTMENT FOR PM/DTCC (TWATKINS)

E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [TH](#) [BLUE LANTERN](#)

SUBJECT: BLUE LANTERN CHECK ON ROYAL THAI GOVERNMENT AND
BARTER PAYMENTS FOR DEFENSE ARTICLES

REF: A. SECSTATE 26844

- [B](#). BANGKOK 700
- [C](#). BANGKOK 524
- [D](#). BANGKOK 500
- [E](#). BANGKOK 350
- [F](#). 05 BANGKOK 7529
- [G](#). 05 BANGKOK 5729
- [H](#). 05 BANGKOK 3436

[1](#)1. Reftel A requests post to determine whether the Royal Thai Government (RTG) is conducting barter trade for defense articles and seeks examples. The RTG does/does seek barter deals for defense items. Reftels B through H provide details about a proposed barter transaction under which Thailand wishes to procure new fighter aircraft to replace its aging F-5 fleet. Lockheed Martin, Sukhoi and Saab have offered to participate in a barter/countertrade transaction with the RTG in order to win the contract. Other recent examples include a proposed sale of Chinese APCs to Thailand in exchange for Thai longan fruit. Details of that transaction are readily available on the Internet. Thai military contacts have confirmed that the Royal Thai Army is interested in acquiring light armored vehicles.

[1](#)2. Reftel A asks post to speculate why the RTG seeks to pursue barter trade for defense articles. PM Thaksin Shinawatra has recently announced that an offer of barter trade of Thai agricultural products is essential for all future "mega-projects." Most experts associate this announcement with Thaksin's desire to curry favor with agricultural voters. He has said he wants to open more markets for Thai agricultural products. Background information on this matter was prepared for PM Thaksin's September meeting with President Bush and may be useful for PM.

[1](#)3. JUSMAGTHAI normally meets most representatives of U.S. firms doing military sales business in Thailand. JUSMAGTHAI officials have no record of Mr. Dov Hyman or of Dolin International Trade & Capital LLC. If PM has contact information for Mr. Hyman, we can follow up with him directly.
BOYCE